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TELEGRAM

April 01, 2003

To: No Action Addressee  
Action: Unknown  
From: AMEMBASSY ABU DHABI (ABU DHABI 1570 - ROUTINE)  
TAGS: ECON, PREL, ETRD, BEXP, KIPR  
Captions: None  
Subject: UAE SAYS GCC-EU FTA DISCUSSIONS MAKING NO HEADWAY  
Ref: None

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C O N F I D E N T I A L ABU DHABI 01570

SIPDIS  
CXABU:  
ACTION: ECON  
INFO: P/M AMB DCM POL  
Laser1:  
INFO: FCS

DISSEMINATION: ECON  
CHARGE: PROG

APPROVED: DCM:RAALBRIGHT  
DRAFTED: ECON:TEWILLIAMS  
CLEARED: NONE

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DE RUEHAD #1570 0911330  
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R 011330Z APR 03  
FM AMEMBASSY ABU DHABI  
TO RUEHC/SECSTATE WASHDC 9204  
INFO RUEHZM/GCC COLLECTIVE  
RUEHBS/USEU BRUSSELS  
RUCNMEM/EU MEMBER STATES COLLECTIVE  
RUCPDO/DEPT OF COMMERCE WASHDC

C O N F I D E N T I A L ABU DHABI 001570

SIPDIS

STATE FOR NEA/ARP, NEA/RA, EB AND EUR  
USEU FOR LITZENBERGER  
USDOC FOR 4530/ITA/MAC/ONE/DGUGLIELMI,  
4520/ITA/MAC/ONE/CLOUSTAUNAU,  
4500/ITA/MAC/DAS/WILLIAMSON, 3131/CS/OIO/ANESA,  
COMMERCE PASS USTR FOR BUNTIN

E.O. 12958: DECL: 04/01/08  
TAGS: [ECON](#) [PREL](#) [ETRD](#) [KIPR](#) [BEXP](#) [EU](#) [TC](#)  
SUBJECT: UAE SAYS GCC-EU FTA DISCUSSIONS MAKING NO HEADWAY

1. (U) CLASSIFIED BY DCM RICHARD A. ALBRIGHT -  
REASONS: 1.5 (D).

2. (C) The MFA's Deputy Director for GCC Affairs, Khalid Al-Ghaith, gave Econchief a readout April 1 of ongoing discussions between the European Union and the GCC towards concluding a Free Trade Agreement (FTA). According to

Al-Ghaith, it is clear that the EU is not serious about reaching such an agreement. At each successive meeting to discuss the issue, the Europeans introduce new demands/requirements.

The recent gathering in Doha in early March had driven home this fact: the EU had broadly hinted that an FTA would need to wait upon Saudi accession to the WTO. This "suggestion" had then been followed by a formal demand that the GCC states become signatories to a large number of international conventions (seven or eight) dealing with Intellectual Property Rights. The Emirati noted that the UAE had already signed on to a few of these, but most of the GCC had not; the measure appeared intended only to further delay an FTA.

13. (C) Without wanting to overtly criticize the Saudis, Al-Ghaith made it plain that multilateral negotiations were being hindered by "our largest link, which is also the weakest." He contrasted the difficulty in making progress on economic issues when dealing as a collective (be it via the EU-GCC discussions or the US-GCC meetings) as opposed to the quite positive results which can be achieved bilaterally. Here he noted the good effect that the U.S.-UAE Strategic Dialogue had had in raising the profile of bilateral economic issues. Al-Ghaith observed that the UAE remains off the Special 301 Watchlist and that the UAE's FAA- equivalent body (the GCAA -- headed by his brother, Muhammad Al-Ghaith) had just been given top marks by U.S. authorities, clearing the way for Emirates Airlines to fly to the USA. Now if only the issue of the frozen U.S. assets of the Arab Bank for International Finance and Trade (ARBIFT) could be resolved, and OPIC insurance coverage restored, we could say the bilateral economic agenda was in very good shape indeed. Econchief agreed, adding that partnership with the UAE in combating terrorist financing and money-laundering was another key area of continuing success.

14. (C) Comment: Al-Ghaith is one of the most capable of the UAE's diplomats when it comes to economic issues. He regularly attends the US-GCC Economic Dialogue and previously served as the Emirati rep at the WTO. Nonetheless, his sense that the EU's demands for securing an FTA are somehow unreasonable (they strike us as quite modest in comparison to what we would likely require in a similar negotiation) reflects an inexperience if not naivete which highlights the significant human resources shortfalls of the UAE when it comes to these sorts of deliberations. It is precisely this general lack of understanding of how things work that impedes the UAE from playing a more effective role in the WTO -- one of the reasons that post very much hopes that MEPI funds will be made available for WTO training initiatives in the region.

Wahba